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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 000376

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E.O. 12958: DECL: 02/14/2032

TAGS: [PGOV](#) [TW](#)

SUBJECT: KMT LEADERS LIEN CHAN, WANG JIN-PYNG COMMENT ON  
TAIWAN POLITICS

REF: A. TAIPEI 0356

[1](#)B. TAIPEI 0216

Classified By: Director Stephen M. Young, Reason(s): 1.4 (B/D).

[1](#)1. (C) Summary: In a meeting with the Director on February 12, before KMT Chairman Ma Ying-jeou's indictment, KMT Honorary Chairman Lien Chan suggested that someone other than Ma might get the KMT 2008 presidential nomination if Ma were indicted. Lien predicted that if the KMT regains power in 2008, cross-Strait relations will stabilize and improve, because the PRC leadership, focused on economic development, trusts and is willing to work with the KMT. In a meeting on February 14 just after Ma's indictment was announced, LY Speaker Wang told the Director that Ma is "finished," and that someone like himself would be the logical KMT standard-bearer in next year's presidential election. Lien and Wang both said the KMT is ready to pass the annual budget, including the defense budget portion, but only if the DPP compromises on the selection of Central Election Commission (CEC) members. The Director made it clear to both KMT leaders that failure to pass the arms procurement budget threatens the long-term health of U.S.-Taiwan relations. End Summary.

LIEN WAITING TO PICK HIS MAN  
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[1](#)2. (C) The Director met with KMT Honorary Chairman Lien Chan on January 12, the day before KMT Chairman Ma Ying-jeou's indictment for corruption was announced. The Director inquired how an indictment might affect Ma's presidential aspirations. Lien told the Director that if Ma were indicted, he would have to resign as Chairman (which Ma did the next day). Lien then explained that party anti-corruption rules passed by the Central Standing Committee at Ma's insistence would bar him from participating in party activities, and Ma's party membership would be automatically suspended. Unless those rules were changed (see ref tel A) Ma would be precluded from receiving the KMT presidential nomination, and would have to run as an independent. (Note: The KMT changed its rules on February 13 to allow Ma to run for president after Ma had announced his candidacy. End Note.)

[1](#)3. (C) Lien told the Director that he had urged Ma not to run

as an independent under any circumstances, for fear of causing a repeat of the Pan-Blue vote split which handed the DPP victory in the 2000 presidential race. KMT voters are too "independent-minded," Lien complained, in that they tend to vote their personal values instead of following party instructions like their DPP counterparts. This inability to focus voter support makes it harder for the KMT to win elections, Lien asserted, and the effect is amplified when two Pan-Blue candidates run against each other. (Comment: Lien has not thrown his support to any one candidate, preferring to wait and see how Ma and LY Speaker Wang Jin-pyng both fare in the coming weeks, though Wang has hinted that Lien is sympathetic to his candidacy. End Comment.)

#### BLAME THE DPP FOR BUDGET DEADLOCK

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14. (C) On the annual budget question, Lien claimed the KMT had been ready to pass the annual budget (including the defense budget portion) during the proposed January 29-31 special legislative session (see reftel B), if the DPP had been willing to reconfigure the Central Election Commission (CEC) in proportion to party representation in the LY. The current CEC is heavily stacked in the DPP's favor, Lien asserted, and the CEC commissioners have already approved a future referendum to force the KMT to disgorge its "illicit assets." The Pan-Blue-dominated LY has no power to check the executive-branch CEC, Lien continued. Unless the CEC is reconfigured along more equitable lines, the KMT fears it will be unable to stop the DPP from including an "illicit assets" or constitutional reform referendum on the next presidential ballot.

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#### KMT-PFP ALLIANCE DOESN'T MEAN UNIFICATION

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15. (C) The Director then inquired whether the KMT would benefit from its recently formed alliance with the People First Party (PFP). Lien pointed out that the parties had agreed in principle to jointly nominate candidates for the next legislative election, but had not yet agreed to the nomination mechanism. The alliance was simply intended to limit the total number of Pan-Blue candidates, Lien continued, and not as a first step toward reunifying the two parties. PFP Chairman Soong knows his political power is limited and will know better than to push for too many seats, Lien predicted. Final decision-making authority will rest with the KMT. That said, Lien acknowledged that there are several districts where the KMT has no viable candidate or where the PFP nominee is clearly stronger. In those cases the PFP will represent the Pan-Blue.

16. (C) There are significant advantages to keeping the two parties separate, Lien explained, at least until after the next LY election. The PFP still has 21 legislators, and they will continue to receive their allotted government subsidies until their terms end. Also, the PFP could still attract a significant percentage of party votes under the new two-ballot system, creating the possibility that the party could hang on to at least some at-large LY seats. If the PFP does not attract a significant percentage of party votes during the December 2007 LY elections, however, it may collapse. Lien confided that he and Soong had already agreed that if this happens, the parties should be consolidated. Lien said he was unsure whether Soong had completely withdrawn from politics, despite his mid-December 2006 announcement to that effect. Soong is probably still actively involved in PFP affairs, Lien suggested, since Soong is essentially the heart of the party.

#### SOVEREIGNTY PROBLEMS CAN WAIT

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17. (C) How can the KMT calm public fears, the Director asked, that if it regains power in 2008 the party will strike a deal with the PRC inimical to Taiwan's interests? The KMT is in no rush to resolve PRC-Taiwan sovereignty questions, Lien insisted. If the KMT assumes power in 2008, its first priority will be to "stabilize" the cross-Strait relationship. Although dialogue would be based on the "1992 Consensus (on one China)," Beijing understands that the majority in Taiwan wish to preserve the status quo. The Director then asked whether the KMT was concerned that Beijing might try to redefine the "92 Consensus" to Taiwan's disadvantage. Lien responded that Beijing has been unwilling to publicly commit to a fixed interpretation of the "92 Consensus" because it fears President Chen's DPP government will manipulate the terms for political purposes. In contrast, Beijing trusts the KMT, and the two sides have already privately worked out a definition acceptable to both sides, which will not be changed.

18. (C) The Director then asked Lien whether the KMT is concerned that China's increasing military capability could make Beijing more willing to force early unification. In response, Lien recalled the five-point accord he reached with PRC President Hu Jintao two years ago. This stressed the importance of Beijing's then-newfound willingness to accept the idea of a long-term peace accord coupled with confidence-building measures. China will seek to minimize cross-Strait tensions, not amplify them, he continued, because the PRC leadership consensus is that China needs domestic peace and cross-Strait stability to fully exploit what it sees as an "unprecedented opportunity to grow and develop." At the same time, Lien agreed that Taiwan must maintain adequate defenses. Lien said that he was planning a fourth trip to Beijing later this year, but the subject matter had not yet been decided.

WITHOUT LEE, TSU IS RUDDERLESS  
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19. (C) Lien said the meaning of Lee Teng-hui's recent remarks

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on Taiwan independence had been unclear, possibly because Lee is uncertain of the direction in which he himself wants to go. Lien cryptically added that the "KMT (leadership) had been working with Lee," and suggested that Lee may no longer be the political tactician he once was.

WANG MAKING A MOVE?  
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110. (C) In a separate meeting with the Director on February 14, shortly after Ma's indictment had been announced, but before Ma announced his presidential candidacy, KMT LY Speaker Wang Jin-pyng claimed Ma's presidential chances were finished. As a result, the KMT now faced two significant problems. First, the party must elect a new chairman within the next three months, and the sooner the better. Lien Chan would like to return as chairman, Wang added, but is not interested in running for president a third time. Second, the party must select its presidential candidate. Wang rejected Vice Chairman Wu Den-yih as too corrupt, and Vice Chairman Chiang Pin-kung as too powerless to become the KMT's presidential candidate. Instead, the party should nominate someone like Wang himself, a native Taiwanese who is popular in the South and capable of overcoming the DPP's existing advantage there. Wang for the first time in his meetings with the Director openly criticized Ma as a "poor and ineffective leader," who should have been, but was unable to, lead the party to victory in the Kaohsiung mayoral race. According to Wang, the KMT's grassroots organizations are still stronger than the DPP's, which should give the KMT a good chance of winning the presidency if the party chooses the right candidate.

PASS THE BUDGET

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¶11. (C) Wang echoed Lien's comments on the annual budget impasse -- aside from blocking the annual budget, the KMT has no way to force the DPP to compromise on the CEC. The Director urged Wang to use his good offices to secure passage of the current annual budget package, including the defense budget portion. If Taiwan does not demonstrate the political will to put its self-defense before domestic political wrangling, the Director cautioned, it will have a negative long-term impact on U.S.-Taiwan relations that is likely to extend into the next president's tenure.

COMMENT  
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¶12. (C) Though both knowledgeable KMT insiders, both Wang and Lien harbor deep resentment against Ma Ying-jeou for his rapid rise to the party's leadership. Whether a party desperate to regain power next year will decide to back Wang will depend in large part on the success of Ma's efforts to regroup following his indictment. For now, we are betting the KMT is going to stick with Ma, long seen as the clear front-runner to replace Chen Shui-bian as Taiwan's president next May. But it is still early.  
YOUNG